Northwest Territories Legislative Assembly

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Report of the Independent Commission on Members' Compensation

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October 2001

103-04193/

Northwest Territories Legislative Assembly

Independent Commission on Members Compensation

OCT 1 2001

The Honourable Anthony (Tony) Whitford
Speaker of the Legislative Assembly

Dear Mr. Speaker:

In accordance with Motion 8-14(4) of the Legislative Assembly, please accept the Report of the Independent Commission on Members' Compensation.

Members of the Commission were committed to ensuring that an open, transparent and simple form of compensation was available to the Members of the Legislative Assembly, while demanding a high degree of accountability to the people of which they serve.

We trust that this report stands up to the principles that we have tried to uphold.

Sincerely,

Robert (Bob) Clark
Chairman

Fred Carmichael
Commissioner

Red Pedersen
Commissioner

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I. Introduction

Members of the 14th Legislative Assembly of the Northwest Territories passed a motion on June 14, 2001, listed under **Appendix A**, establishing an Independent Commission on Members' Compensation to assess and review the indemnities, allowances, expenses and benefits provided to Members of the Assembly.

By striving to ensure an open, transparent and simple form of compensation, this Commission hopes to follow up on the important work of the 13th Assembly, to ensure that the people of the Northwest Territories are fully apprised of the earnings and expenses of their elected representatives. Any proposed changes to the existing remuneration system will maintain or enhance the level of accountability required of Members by the public at large.

Mr. Robert Clark, Mr. Fred Carmichael and Mr. Red Pedersen were entrusted with the task of carrying out this review. The establishment of a Commission was viewed as timely for evaluating the considerable changes to Members' Compensation, introduced in 1999. The decision to establish a Commission was also consistent with the recommendation of the 1996 Report on Members' Compensation, suggesting that compensation be reviewed every five years.

II. Assumptions

The examination of compensation for elected officials inevitably faces a great deal of public skepticism, largely because the general public demands a high degree of accountability and responsibility from its elected officials, which is certainly warranted. The public image of elected officials is often at odds with the actual demands of the job. This perception may be a reflection of the considerable time and effort that Members spend out of the public spotlight, on Committee work for example. Nevertheless, the responsibility for maintaining public confidence in political office rests firmly with the individuals elected to fill that role. Conversely, those same individuals should not have to enter office burdened by a complex system of remuneration that confuses the public and complicates their own financial planning.

Few northerners dispute the need for competent, dedicated leaders, intent on working for the public good. Indeed, such individuals form an integral part of our democratic system. The difficulty lies in trying to create a remuneration package that attracts dynamic, public minded leaders while limiting the number of candidates that would seek office for purely financial gain.

III. Fundamental Principles

In deliberating over what constitutes fair compensation for Members of the Legislative Assembly, the Commission tried to keep these assumptions, mentioned above, while holding fast to the principles which they felt most personified the type of individual that the position and its responsibilities should attract:

1. No Member should seek to serve in public office for purely financial gain. Although the reasons may vary considerably, the underlying motivation for election must be toward improving the Northwest Territories, not financial benefit.

2. Members deserve to be fairly compensated for the wide ranging demands and time commitments placed on them in carrying out the duties of elected office.

3. The system of remuneration must be transparent, simple and ensure accountability. The structure of any compensation package must not only be fair and straight forward enough for Members and individuals of the general public to understand, but their expenditures must also be held up to the scrutiny of the taxpayers which essentially provide those funds.

4. The unique geography of the Northwest Territories creates challenges with respect to isolation, transportation and the general cost of living. Remuneration packages, particularly with respect to travel and transportation costs, need to be sensitive to the regional differences of job related expenses in order to ensure that these factors do not become prohibitive for any member to represent his or her constituents.

5. The very nature of serving in public office makes it very difficult to attach an hourly wage or expect Members to document hours worked like much of the public service. The stresses and demands placed on elected officials are a very difficult reality to impart on someone that has never experienced life as an elected representative. The requirement to be available and accountable 24 hours a day, 7 days a week, coupled with the lack of job security associated with an election every 4 years ensures that only a select few individuals would ever consider running for office. To a certain degree a position of such importance to our democratic system, and such wide-ranging responsibility, must be compensated fairly.

IV. The Review

After the Commission was established on June 14, 2001, Commission Members met via conference call on July 10th to select a chairperson, review its mandate, establish a workplan and determine the information materials that each Commission member would require.

The Commission selected Mr. Robert Clark as Commission Chair and directed that pertinent research materials be collected and circulated to each of the Commission Members. Commission Members committed to reviewing the materials collected and subsequently met on two separate occasions, once in Inuvik and once in Yellowknife, to go over the research materials, consider relevant issues and direct staff. A number of follow-up conference calls were also conducted, in order to update Commission members, while keeping costs to a minimum.

The Commission sought public involvement in a number of ways. An advertisement was published in all seven northern newspapers during the week of August 13th, requesting written submissions from any interested parties or individuals in the general public. The newspaper advertisement is listed under **Appendix B**. As well, the Commission Chair granted a brief interview to CBC North, voicing the Commission's desire to receive public input on the matter. When the Commission subsequently received one submission from a member of the general public, the deadline was extended, in the form of a Press Release, to September 14, 2001, also listed under **Appendix B**. The written submission from Mr. Karl Mueller is listed under **Appendix C**. No other public submissions were put forward to the Commission.

The Commission received written submissions from five Members of the Legislative Assembly including Paul Delorey, Michael Miltenberger, Charles Dent, Steven Kakfwi, and Jake Ootes listed under **Appendix D**. The Commission also heard oral submissions from seven Members on September 26th, 2001. Oral presentations were made by: Paul Delorey, Michael Miltenberger, Brendan Bell, Stephen Kakfwi, Floyd Roland, David Krutko and Charles Dent. Their collective concerns are summarized below.

Summary of Oral and Written Submissions
(in no specific order)

1. Recommendation that an independent commission on members compensations be created within 6 months after every election, based on the idea that political will can change drastically from one Assembly to the next.

2. The current compensation scheme wherein out of town Members receive $9044 and Yellowknife residents receive $5852 for expenses is inadequate. Member cited transportation by taxi and eating in restaurants as an issue.

3. The increased disruption of family life placed on Members that reside outside the Capital; the added time they have to spend traveling to and from their constituency and; the ease in which Yellowknife Members can have constituents and family members attend session is not properly addressed. The central location of Yellowknife Members also ensures the opportunity to meet with visiting dignitaries and government officials at no cost to their constituency budget. These factors make the working life of an out of town member significantly more difficult than Yellowknife Members which should be recognized through more extensive expense allowances and travel benefits.

4. The taxable income provided to Members is virtually the same for Members as it was in the 12th Assembly yet according to Statistics Canada, cost of living has increased by 11.46%. Employee and Employer Pension contributions were also much higher in 1993.

5. A jurisdictional comparison of indemnities for Chairs of Standing Committees should be undertaken, keeping in mind that the consensus system seems to lend itself to more meeting and session days.

6. There should be a completely separate and distinct public process for the disclosure of actual salaries vs. expense accounts.

7. Members should be allowed to use their Constituency budget to pay for educational development. At the present time it is apparently acceptable for MLA's to spend some of their existing budget for taking short courses or travelling to conferences at a fairly large expense. However, it is deemed inappropriate for a similar amount of funding to be applied to more substantive training or education that a MLA may pursue during their term, due to the possible perception of conflict.

8. Ministers face increased responsibilities and strain relative to regular members. The home travel policy and constituency budgets do not adequately address these added costs, particularly with respect to multiple community constituencies and spousal or dependent travel. By classifying family travel as a taxable benefit, it becomes extremely impractical to allow family members to use this travel budget at all. These costs should be viewed as a necessary cost to doing business as a politician, not as a taxable benefit to the Member.

9. Members should be entitled to the same pension plan as was offered to Members prior to the changes introduced by the 13th Legislative Assembly. In order to attract good people to these positions, most often during their peek earning years, the pension and benefits must be adequate and not deter capable people from seeking office.

Note: The summary listed here is not an exhaustive account of all of the concerns, views and issues raised by Members during the course of presentations and written submissions. For a more complete account of the issues raised, please refer to ***Appendix D****.*

V. Public Input

The Commission felt that it was imperative that individuals and groups in the communities of the Northwest Territories be given every opportunity to contribute their thoughts on the current structure of pay and benefits provided to Members. Unfortunately, despite newspaper and website advertisements and two separate press releases seeking public input, only one member of the general public responded with a written submission.

The single submission from the general public is perhaps best described as dealing with representation, and losing touch with ones constituents on a social level. The representation issue was borne out in the suggestion that because MLA's represent far fewer Canadians than elected officials in other jurisdictions, their salaries should not be compared with those of larger jurisdictions. From a class perspective, as MLA's continue to move up the pay scale they lose touch with average citizens and become intimidating figures that are difficult to relate to.

Given the level of public input provided, it is very difficult to gauge the overall feelings of the people of the Northwest Territories. Commission Members were careful to avoid drawing any conclusions as to why little interest was shown. Without the benefit of a wide variety of thoughts, questions and concerns from the general public, Commission Members were forced to rely more heavily on research materials and jurisdictional comparisons of salaries for public officials across Canada. Fortunately, a great deal of work has been done in this area in recent years.

VI. Current Compensation

Transparency
The 13th Legislative Assembly of the Northwest Territories made a great deal of progress with respect to the transparency of pay and benefits provided to Members of the Assembly. This progress was the result of sweeping changes adopted in 1999, which simplified an antiquated and complex system of compensation, based on attendance at committee meetings and a substantial tax free allowance. The old system had individualized the salary structure, making it very difficult for the general public to get a clear picture of what each MLA was paid in a given year. Members also faced uncertainty in knowing the earnings that they could expect in the coming year.

To date, the current structure of remuneration has been simplified to include a basic indemnity, an extra duty indemnity for positions of added responsibility (i.e. Speaker, Minister, Premier), a non-taxable living allowance and a regionally based Northern Living Allowance. The *Annual Report Respecting Members' Indemnities and Expenses For the Fiscal Year Ended March 31, 2001* is listed under **Appendix E**.

The Commission is of the view that the NWT has one of the most transparent and accountable systems in the Country. As an example, the NWT is the only jurisdiction in Canada which, after tabling complete expense reports for all of its Members, will produce all of the expense receipts of a given Member to any person, upon request. On the whole, the current structure is generally regarded as a much more simplified and understandable remuneration package, essentially giving a clearer picture of a MLA's taxable income in a given year.

Current System
Under the current structure all Members receive the same basic indemnity as well as some combination of a non-taxable living allowance and northern living allowance, dependant on their place of residence. Members also receive an additional indemnity for those elected positions, which are deemed to involve additional responsibility.

Annual Indemnity
Each member receives a basic annual indemnity paid on a bi-weekly basis amounting to **$75,540**.

Additional Indemnities
Additional indemnities are provided to certain positions and add to that total by the following amounts:

Speaker's Indemnity	**$26,599**
Premier	**$57,483**
Minister	**$40,430**
Deputy Speaker	**$ 6,320**
Deputy Chairperson of Committee of the Whole	**$ 3,192**
Chairperson of a Standing Committee	**$ 3,192**
(Note: values listed were effective April 1, 2001.)	

In accordance with section 12(6) of the *NWT Act*, the first $1000.00 of a Members indemnity is not taxable. All indemnities listed above are tied to those of the public service in the Northwest Territories for adjustment when increases or decreases occur in relation to the agreement between the UNW and the GNWT. Since 1993, increases have occurred on two separate occasions. The first increase was retroactive to April 1, 2000 at 3.8% and the second was retroactive to April 1, 2001 and amounted to a 2.5% increase.

Capital Allowance (Non-taxable)
In addition to the basic and additional indemnities, each Member is entitled to a non-taxable expense allowance, designed to cover meal and incidental expenses associated with attending to business as a member, while in the Capital for session and Committee work. Members who live within commuting distance (80 km) of Yellowknife receive $5,852 while Members outside this commuting distance receive $9,044 annually. Ministers are deemed to reside in Yellowknife.

Deductions
A sum of $100.00 is deducted for each morning or afternoon that a Member fails to attend a sitting of the Legislative Assembly, or a Committee of the Legislative Assembly, that he/she is a member of without reasonable explanation.

Northern Living Allowance
Every Member is paid a Northern Allowance based on the Members place of residence. The amount each Member receives is tied to Article 41 of the Collective Agreement between the Government of the NWT and the Union of Northern Workers. The amounts are listed for each community in **Appendix F.**

All of the above figures with the exception of the non-taxable allowance must be reported as income and are taxed accordingly.

The categories listed below relate to the expenses related to carrying out business as a Member of the Legislative Assembly. These expenses are either paid on the Members' behalf or reimbursed after receipts are provided.

Capital Travel Expenses
A Member who does not live within commuting distance of the Capital is entitled to be reimbursed for his or her capital travel expenses. Authorized Capital Travel expenses are the actual and reasonable costs of return transportation between the Members' residence and the Legislative Assembly, incurred by the Member while on business for session or Committee.

Sessional Travel (For out of town Members)

A Member is entitled to be reimbursed for the actual and reasonable cost of return transportation between the Members residence and the Legislative Assembly building in Yellowknife after every 10 sitting days attended by the Member. Return air travel is eligible to be made by the Member, spouse of the Member, or a person designated by the Member. If anyone other than the Member uses this entitlement, this travel is deemed to be a taxable benefit to the Member. This does not apply to travel for the opening of session, meaning this is the only time it constitutes a non-taxable entitlement.

Capital Accommodation Allowance
All regular Members that are deemed to live outside commuting distance of the Capital are eligible to receive up to a maximum of $17,000 annually to cover the cost of renting a second home in the Capital. This allowance is payable on production of receipts for rental accommodation and related utility and furniture expenses.

Global Constituency Budget
Each Member receives a constituency work expense allowance for payment of all reasonable expenses related to constituency business. Constituency work is considered to be work that is directly connected with a Members' responsibilities in relation to the ordinary and proper representation of their constituents. The current Constituency Budgets are listed under **Appendix G.**

Members decide within basic guidelines established by Regulations and Board of Management policies; the *Financial Administration* Act; and contract regulations, how to spend their budget. Typical expenditures relating to running a constituency fall under the following categories:

Travel or Transportation
Airfare, mileage, taxi, charters, meals and accommodation

Materials and Supplies
Office supplies, business cards, letterhead, and envelopes. Film, books, periodicals, coffee supplies and newspapers.

Purchased Services
Telephone service, renting, leasing, calls, postal service, courier service, freight, internet access and home page.

Contracted Services
Support and maintenance of office equipment in software, contract services (including constituency assistants and other office staff), legal fees, advertising, promotion, renting meeting halls, newsletters, Christmas cards, hospitality and catering.

Fees and Payments
Registration fees for conferences, workshops, training, courses and memberships.

Other Payments
Pins and other souvenir presentation items, constituent cards, acknowledgements and flowers.

VII. Jurisdictional Comparison

A considerable amount of work has been conducted in recent years relating to remuneration packages for elected officials across Canada and around the world. Commission members gained particular insight from a number of applicable reports conducted very recently in Canada. The Commission utilized jurisdictional comparison to help fill the void left by the limited amount of public input, introduced into the review process. Recent reviews conducted for the Parliament of Canada, the Provinces of Ontario and Alberta and the City of Yellowknife deserve particular mention.

Statistical information comparing the basic indemnity and non-taxable allowances provided to elected members across Canada is listed below. The Commission felt that the kind of responsibilities and demands placed on an elected official were difficult to quantify in terms of similar private sector positions. However, despite regional differences, the Commission did assume that elected officials in other jurisdictions would provide a reasonable comparison in relation to duties, responsibilities and compensation. A graphical representation of these base figures is listed under **Appendix H**. An adjusted graph, based on the combined, highest marginal personal Income tax rates in each region, for the 2001 fiscal year, is listed under **Appendix I**.

Salaries and Allowances for National and Provincial Legislators
(effective year 2000)

Jurisdiction In Canada	Basic Indemnity	Non-taxable Allowance	Expense Allowance	Total Income
House of Commons*	$131,400.00	$0.00		$131,400.00
Quebec**	$71,714.00	$12,789.00		$84,503.00
NWT (In the Capital)*	$74,540.00	$1000.00	$5,800.00	$81,340.00
(Outside the Capital)*	$74,540.00	$1000.00	$9,044.00	$84,584.00
Ontario**	$80,340.00	$0.00		$80,340.00
British Columbia**	$71,000.00	$0.00		$71,000.00
Alberta**	$48,802.00	$20,526.00		$69,328.00
Saskatchewan	$58,432.00	$4,781.00		$63,213.00
Nunavut	$55,413.00	$7,506.00		$62,919.00
Manitoba**	$61,519.00	$0.00		$61,519.00
Newfoundland	$40,356.00	$20,178.00		$60,534.00
New Brunswick	$38,076.00	$18,230.00		$56,306.00
YT(In the Capital)	$32,912.00	$1000.00	$14,805.00	$48,717.00
YT(Out of Capital)	$32,912.00	$1000.00	$16,596.00	$50,508.00
Nova Scotia	$31,965.00	$15,982.00		$47,947.00
Prince Edward Island	$33,155.00	$10,050.00		$43,205.00

*** Denotes figures as of April, 2001**
**** Denotes figures as of August, 2001**

Adjusted Salaries and Allowances for National and Provincial Legislators
(Effective Year 2000)

Jurisdictions in Canada	Basic Indemnity	Non-taxable Allowance	Non-taxable Expense Allowance	Equivalent Taxable Amount	Total Equivalent Salary
House of Commons*	$131,400.00	$0.00		$0.00	$131,400.00
Quebec**	$71,714.00	$12,789.00		$19,181.00	$90,895.00
NWT (in the Capital)*	**$74,540.00**	**$1,000.00**	**$5,800.00**	**$8,659.40**	**$83,199.40**
(Outside the Capital)*	**$74,540.00**	**$1,000.00**	**$9,044.00**	**$13,862.48**	**$88,798.00**
Ontario**	$80,340.00	$0.00		$0.00	$80,340.00
Alberta**	$48,802.00	$20,526.00		$28,633.00	$77,435.00
British Columbia**	$71,000.00	$0.00		$0.00	$71,000.00
Newfoundland	$40,356.00	$20,178.00		$29,992.58	$70,348.58
Nunavut	$55,413.00	$7,506.00		$10,662.27	$66,075.27
Saskatchewan	$58,432.00	$4,781.00		$6,932.45	$65,364.45
New Brunswick	$38,076.00	$18,230.00		$26,768.93	$64,844.93
Manitoba**	$61,519.00	$0.00		$0.00	$61,519.00
Nova Scotia	$31,965.00	$15,982.00		$23,547.88	$55,512.88
YT (In the Capital)	$32,912.00	$1000.00	$14,805.00	$21,496.84	$54,985.44
YT (Out of the Capital)	$32,912.00	$1000.00	$16,596.00	$24,946.15	$57,858.15
Prince Edward Island	$33,155.00	$10,050.00		$14,807.67	$47,962.67

*** Denotes figures as of April, 2001**
**** Denotes figures as of August, 2001**

Note: Equivalent taxable amount was derived using the 2001 regional tax rates listed under **Appendix J.**

VIII. Recommendations

In determining what recommendations to put forward to the Legislative Assembly, the Commission considered the arguments put forward by Members of the Assembly and the general public, while keeping in mind the various compensation packages that exist across the country. A number of the suggestions put forward by Members of the Assembly were ultimately granted and incorporated into the recommendations listed below. However, it is important to note that a number of them were denied for various reasons, outlined in section IX.

The Commission would like to offer the following recommendations:

1. **That the indemnity for Chairs of Standing Committees be increased to $5000.**

Rationale:

There seemed to be a general consensus among Members that spoke to the Commission, that due to the increasing role of Committees in our Consensus system, Committee Chairs are generally faced with a significantly greater workload than in years past. Committee Chairs are also elected by their peers which would suggest that a certain level of respect and recognition is associated with the Member given that position.

2. **That an indemnity for Chairs of Special Committees be established at $2500.**

Rationale:

Following from recommendation #1, Chairs of Special Committees deserve the same consideration as Chairs of Standing Committees. However, the number of meetings required of Special Committee Chairs tends to be considerably less than that of a Standing Committee.

3. **That members deemed to reside outside the Capital be provided with 5 additional flights (or travel equivalencies) annually, between the capital and their place of residence, for travel of a spouse, partner or dependant. The Legislative Assembly should seek to allow this travel to be used as a non-taxable benefit, taking into consideration any relevant tax laws and similar policies used in other jurisdictions in Canada.**

Rationale:

Members who reside outside the capital are inevitably forced to spend more time traveling to and working in Yellowknife, away from their families and home communities, than Members that reside in the Capital. This added travel allowance should help to address this discrepancy, to some degree.

4. **The *Legislative Assembly and Executive Council Act* should be amended to provide for the establishment of a Commission, every four years, to review the compensation, allowances and benefits of Members. The legislation would preferably be worded to trigger an independent review of compensation 1 year prior to an election. All recommendations, with the notable exceptions outlined in recommendation #7, should take effect at the commencement of the next Legislative Assembly.**

Rationale:

There is never a good time to review compensation for elected officials. By introducing legislation that makes this review automatic, the changes would likely be less substantive than if a review were to occur less frequently. In addition, by indicating that any recommendations should be made effective at the commencement of the next Assembly, Members could avoid the accusation of giving themselves a raise. This process should help to remove any perception of bias and help to justify any changes, whether they be increases or decreases. Conceivably, while public criticism is often unavoidable, such a process may keep it to a minimum.

5. **Constituency budgets should be linked to the annual increase/decrease in the Consumer Price Index as indicated by the Statistics Bureau of Canada.**

Rationale:

It is readily apparent that transportation costs (such as air travel and fuel) will increase considerably in the coming years, potentially limiting Members from properly representing their constituents. The Commission felt compelled to try and ensure that a level playing field exists from region to region with respect to travel and cost of living realities (i.e. airfare, fuel costs). The changes introduced to Constituency Budgets, by the 13th Legislative Assembly, did have these costs in mind. This added measure would further ensure that Members are not unduly hampered by increasing costs, while trying to do their jobs.

6. **Members' salaries should be tabled in a document separate from that of actual operating expenses.**

Rationale:

Members of the 14th Assembly consistently raised concerns about individuals in the media and the general public obtaining a skewed perspective of their actual income since Members' salaries have traditionally been tabled along with the operating expenses for budgeted items like travel, constituency offices and the like. Members felt that by tabling operating expenses completely separately from the salary information, the general public would get a true picture of what Members actually make in a given year.

7. **All recommendations take effect after the next election, with the exception of recommendation #3, #5 and #6. Where possible, these recommendations would be incorporated as soon as reasonably practicable.**

Rationale:

Commission Members felt that it was in all Members best interest to instruct that these recommendations take effect after the next election rather than having to justify giving themselves any kind of salary increase. Recommendations #3, #5 and #6 do not involve any kind of salary increase and were thus given special consideration by the Commission.

IX. Other Considerations

Pension
It is not within the mandate of this Committee to overturn decisions of past Legislative Assemblies. That responsibility lies clearly with the Assembly itself. In 1999, the 13th Assembly elected to do away with the Supplementary Pension Plan. Although a number of Members have voiced their concerns that Members deserve a more adequate pension arrangement, the Commission felt that this decision should be left up to the Assembly to determine.

Education
The Commission heard arguments from a number of Members concerning the fact that certain types of educational development are covered by constituency budgets while others are not. The contention being that if you can cover all of the costs for short term programs and courses, why not allow members to apply similar funds to more long term educational programs. The example presented was for completing a Masters Program. Although current policy and usage would indicate that certain types of short term educational programs are indeed covered by Constituency Funds, these programs must meet the criteria that they would help a member with representing his constituents. The Commission determined that the long term educational programs like degree and masters programs clearly constitute a long term personal benefit. A cost that tax payers should not be expected to pay.

Travel Policies for Ministers
Policies adopted by the 13th Legislative Assembly created a clear distinction between the obligations, duties and accompanying policies associated with acting as a Minister as opposed to a regular Member. For this reason, the Commission felt that it had no jurisdiction to consider or make recommendations regarding policies affecting Ministers of the Government of the Northwest Territories.

Geography
The challenges brought on by minimal infrastructure, isolation, sparse and scattered populations and the regional disparities between regular air travel in the north deserve mention. All of these factors contribute to a higher cost of living in the north. In many instances these realities can often place an added burden on Members that represent the more isolated and travel restricted areas which was often raised by out of town Members, in a variety of ways. To some degree, these costs are offset by the Northern Living Allowance, weighted constituency budgets and a higher Capital Travel Expense Allowance.

Administrative Issues
Discussion with various Legislative Assembly Staff was very helpful for obtaining a better understanding of the administrative requirements of the current compensation scheme. Administrative staff did not offer any specific suggestions for improving the current structure but did indicate relative comfort with the structure now in place. One

relevant issue raised dealt with attendance. The Commission noted with interest that despite the policy requiring a $100 deduction from a Members' pay, for a half-day absence without a valid excuse, no deductions have ever been issued.

Family

Commission Members grappled with the idea of attempting to compensate Members from the most isolated regions for the added time requirements of travel and the resulting disruption in family life. However, the Commission ultimately decided that the place, in which an individual resides or runs for office, is completely up to an individual and his family. Essentially, any individual considering public office in the North must consider the benefits of representing a given constituency, and the accompanying challenges, to determine whether or not the sacrifices to family and individual life are truly worth the rewards associated with public office. That being said, it would be reasonable to assume that a Member that is happy with his or her home life is more likely to be happy with his job.

The Commission determined that it was unreasonable to try and quantify a value for time away from home and family. The cost will vary depending on individual circumstances. For this reason, the Commission could offer no recommendation for added compensation, based on regional factors.

X. Conclusion

The Commission was impressed by the commitment shown by those Members who took the time to make presentations, particularly with the genuine respect they had for the offices that they were elected to serve. There are various reasons motivating a person to run for the NWT Legislative Assembly, but quite obviously, from the Commissions perspective it cannot be for financial reasons. The Commission remains convinced that any motives for seeking election must be rooted in the desire to perform public service.

The Commission is of the view that the current system of compensation provided to Members of the Legislative Assembly stands up to the task of being open, transparent and accountable to the electorate. This was made more evident by the relatively minor concerns and issues brought to the Commissions attention. The mere fact that there seems to be very little appetite for major changes to the current system should properly be viewed as a compliment to the current Legislative Assembly as they have set a high standard in this regard.

The recommendations outlined in this report have been devised to balance the disparity between political jurisdictions within the NWT, address changing cost of living expenses, increase indemnities for Chairpersons and simplify the salary reporting practices of the Legislative Assembly. Ultimately, the Commission determined that very little change is necessary.

As with any publicly funded body, the Commission in carrying out its duties remained sensitive to keeping its costs to a minimum. The cost for the work of this Commission totaled $11,586.63. The Commission feels that this expenditure was reasonable, given the timeframe for completing its task.

The Commission would like to express its appreciation to Andrew Stewart, Commission Secretary, for his assistance in preparing this report.

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APPENDICES

A. Motion establishing the Independent Commission.

B. Newspaper Advertisement and Press Release

C. Public Submission – Mr. Karl Mueller

D. Written Submissions from Members of the 14th Legislative Assembly

E. Annual Report Respecting Members' Indemnities and Expenses for the Fiscal Year Ended March 31, 2001.

F. Article 41 of the Collective Agreement between the Government of the NWT and the Union of Northern Workers.

G. Existing Constituency Budgets for Members of the 14th Legislative Assembly.

H. Graph of current basic indemnities and non-taxable allowances of the various jurisdictions across Canada.

I. Adjusted graph based on the combined highest marginal personal income tax rates in each region for 2001.

J. The Combined top marginal tax rates used to calculate taxable equivalent figures for each region.

APPENDIX 'A'

8-14(4)
No.

Northwest Territories Legislative Assembly

Motion

Establishment of Independent Commission on Members Compensation

WHEREAS the last comprehensive independent review of Members' and Ministers indemnities, expenses, allowances and benefits was conducted in 1996;

AND WHEREAS that Commission recommended that the compensation package for Members be reviewed every five years;

AND WHEREAS it is important that independent, neutral and knowledgeable persons should carry out any review of Members compensation;

AND WHEREAS the Legislative Assembly is of the opinion that it is timely to undertake a comprehensive independent review;

NOW THEREFORE I MOVE, seconded by the Honourable Member for Nahendeh that the Legislative Assembly hereby appoints Mr. Fred Carmichael, Mr. Robert Clark and Mr. Red Pedersen as the Commission on Members' Compensation;

AND FURTHER that the Commission shall:

1. Assess and review the indemnities, additional indemnities, allowances, expenses and benefits provided to Members to determine the appropriateness of the amounts provided;

2. Assess and review the reporting requirements and procedures for Members' 'expenditures to determine the level of accountability acceptable to the public;

3. Review any other matter that the Commission considers relevant respecting the compensation scheme provide to Members.

AND FURTHERMORE that the Commission shall report with its observations and recommendations to the Speaker by October 1, 2001 and the Speaker shall cause the report to be tabled in the Legislative Assembly without delay if the Assembly is in Session, and if the Legislative Assembly is not in session as soon as reasonably practicable.

Date of Notice: June 13, 2001
Date of Introduction: June 14, 2001
Disposition: Carried as Amended June 14, 2001

Moved by: Mr. Roland
Seconded by: Mr. Antoine

APPENDIX 'B'

Independent Commission to Review Members' Compensation

The Legislative Assembly has established an Independent Commission to assess and review existing pay and benefits provided to Members of the Legislative Assembly (MLAs). Commission members want to know what you think.

- Are MLAs paid appropriately for the work they do?
- Is the current level to which MLAs are held publicly accountable for the money they spend adequate?
- Should MLAs' salaries be based on the average salaries of other NWT elected leaders and officials?
- What changes would you like to see in the current structure of payment and/or reporting of expenses by MLAs?

The Commission's report will include a review of all indemnities, allowances and benefits as well as the process for public reporting of MLA expenditures made each year. The Commission's report, including recommendations, must be completed by October 1, 2001.

For detailed information on the current compensation scheme for MLAs, or to provide written submissions, please use the contact listed below. **Responses in writing should be received no later than Friday, August 31, 2001.**

Information is also available on the Legislative Assembly Web site at http://www.assembly.gov.nt.ca.

Commission members include Robert Clark, Chair, Fred Carmichael and Red Pederson.

Contact: Andrew Stewart, Commission Secretary
Legislative Assembly of the NWT
P.O. Box 1320, Yellowknife NT X1A 2L9
Tel: (867) 669-2343 or toll-free 1-800-661-0784
Fax: (867) 873-0432 or toll-free 1-800-661-0879
E-mail: andrew_stewart@gov.nt.ca

Northwest Territories Legislative Assembly

NEWS RELEASE

For Immediate Release

September 5, 2001

Commission Makes Final Request for Submissions

The Independent Commission on Members Compensation has extended its deadline of August 31, for receiving submissions from the general public on appropriate pay and benefits for members of the Legislative Assembly. The deadline has been extended to Friday September 14th, 2001.

In a statement this morning, Robert Clark, Chair of the Commission acknowledged the decision to extend the deadline and outlined the rationale behind the decision. "We need to make every effort to ensure that the general public are both aware of the process we've undertaken and given a reasonable opportunity to provide input in the review, said Mr. Clark. "By extending our deadline, I think we've accommodated that without jeopardizing our ability to complete the report within the timeline given to us by the Assembly."

The Commission was established by motion of the House on June 14, 2001 to assess and review the indemnities, allowances, expenses and benefits provided to Members and to determine the appropriateness of the amounts they receive.

The Independent Commission is made up of three individuals and also includes Red Pedersen and Fred Carmichael. The Commission has a deadline of October 1, 2001 to present its report to the Speaker with observations and recommendations.

Contact:

Andrew Stewart
Commission Secretary
Legislative Assembly of the NWT
PO Box 1320
Yellowknife NT X1A 2L9
Tel: 669-2343 or toll free: 1-800-661-0784
Fax 873-0432 or toll free: 1-800-661-0879
Email: andrew_stewart@gov.nt.ca

01-21

APPENDIX 'C'

K A R L M U E L L E R
210 Northern Lights Street,
Enterprise, NT X0E 0R1 CANADA

Phone & Fax #: 1 - 867 - 984-3451

August 23, 2001

Commission on Members Compensation
c/o Office of the Clerk
Box 1320
Yellowknife, NT X1A 2L9

1 - 800 - 661 - 0879

Attention: Head of the Commission

Dear Members of Commission;

My first opinion on the matter of NWT MLA's review of compensation/salaries is to ROLL-BACK their salaries with all the other benefits. We have to be more realistic when it comes to wages.

We compare NWT MLA's wages in numerical values to other MLA's counter parts in Canada but we do not compare the numbers of constituency members that those MLA's serve and are responsible for.

If my memory serves me right there are 40,000 persons in the NWT and 18 MLA's, the numbers each of these NWT MLA's are far lower then the MLA's in the rest of Canada must serve. Is this amount justifying the salaries that the NWT MLA's get today?

With the large sums of money transfered to the NWT from the Federal Government does not give the MLA's the option to have the largest percentage given to them for their salaries and compensation. I believe the Federal Government expects that all residents in the NWT should get a share in this money not just MLA's to benefit.

Costs are up for the average resident in the NWT. The average citizen does not get raises due to these costs. The average citizen can not have access to public funds when their budgets get tight. Nor does most of the average citizens feel intimidated when speaking to the MLA because the MLA makes more money.

It was stated by a NWT MLA in an interview on CBC that if MLA's do not have high salaries then there is a problem for the NWT MLA's to speak to persons from the south who make alot more money that the NWT MLA's.

Yours truly,

Karl Mueller.

APPENDIX 'D'

AUG 27 2000

Northwest Territories Legislative Assembly
Member for Thebacha

ROBERT CLARK
FRED CARMICHAEL
RED PEDERSEN
INDEPENDENT COMMISSION ON MEMBERS COMPENSATION

MLA Compensation

As you consider the compensation for MLAs, I would like to offer some comments. There are two areas where I believe improvements could be made.

The first area is the way the compensation is accounted for. In the government or businesses, there is a clear distinction between amounts that are salary and benefits and amounts that are for operations and to do the job at hand. This same distinction is not made for the various amounts received by MLAs. I believe that the amounts paid to MLAs as pay and benefits and the other amounts should be accounted for totally separately, including separate and distinct public reporting processes. This would provide both MLAs and the public with a clearer picture of the compensation for MLAs versus the amounts provided to allow an MLA to do his or her job.

For example, the constituency allowance is critical to the business of doing an MLA's job but is definitely not personal compensation for the Member. Likewise, the allowances for accommodation, food and transportation in Yellowknife are similar to the travel allowances government and other employees receive when they travel on business. No government employee would consider duty travel expenses as part of their compensation but the current reporting mechanism means it is perceived as such for MLAs who must travel from their home communities to conduct Assembly business.

The second area I would like to raise is the matter of professional development for MLAs. As a government, we strongly promote the concept of lifelong learning. However, this same concept is not supported for MLAs. At the present time, it is apparently acceptable for MLAs to spend some of their existing budget for taking short courses or travelling to conferences at a fairly large expense. However, it is deemed inappropriate for a similar amount of funding to be applied to more substantive training or education that an MLA may pursue during their term,due to the possible perception of conflict.

Yellowknife, Northwest Territories, Canada X1A 2L9/Fax (403) 920-4735/Telephone (403) 669-2200

Since becoming an MLA, a truism that I have often heard repeated is that we need big salaries and pensions because we will essentially become unemployable once our terms are complete. In many ways, this is true. People significantly disrupt their lives to take public office. While some retire after office, many must remain employed to support themselves and their families. In many cases, they are unable to return to their previous professions, either because the profession has evolved or because their political background would make it difficult for others to accept them in their previous role. Despite this reality for many former MLAs, there is no provision to support those MLAs who wish to develop their skills on the job, as well as prepare for that inevitable life after politics.

The Assembly should recognize the value of having MLAs develop skills and plan for a future beyond their terms. Access to the existing budget for short courses and conferences should be expanded to encourage MLAs to better educate themselves. When undertaking this type of education and learning, MLAs should make a personal financial commitment but some professional development funding should also be available.

As an example, I am in the early stages of a Masters degree program. This program will allow me to do my job as MLA better as well as providing more options for me at the point in the future when I am no longer an MLA. I am personally financing the full cost of the program. While I expect to make a contribution towards my own development, it would seem appropriate that the Assembly should be able to support me in making this choice, as opposed to limiting me to enrolling in shorter courses, which would not have the same short and long term benefit.

If you have any questions about these areas of concern, please feel free to contact me.

Sincerely,

J. Michael Miltenberger

Northwest Territories Legislative Assembly
Member for Hay River North

August 30, 2001

INDEPENDENT COMMISSION ON MEMBERS COMPENSATION
ATTENTION: ROBERT CLARK, CHAIR

Re: Submission on Member's Compensation

Dear Sirs;

Please except this as my thoughts on the current structure of pay and benefits for Members of the Legislative Assembly. In view of the fact that other provinces and the Federal Government have deemed it necessary to do similar reviews, I think it is timely for us to do likewise. I am aware that this can be a subject that is negatively received by the public, however we do have a responsibility to address it.

As far as the remuneration we receive as Members, I must say that I was fully aware of the pay level when I decided to run for office and although I was paid more at my previous occupation, I felt that the Members' remuneration was adequate. The part of this position that has come as a bit of a surprise is the enormous demand on one's time. In talking to previous Members, it is apparent that the demand is increasing and that the role and the expectations people have of their MLA is changing. To make a comparison, in my previous employment my basic income was essentially the same as the basic salary for this position however it was based on a 40-hour workweek. Had I put in the same amount of time as I do as an MLA, which I did have the option to do, my income would have been in the neighborhood of $110,000. I was also entitled to 5 weeks annual vacation plus 4 days paid travel time. I was also part of a very good pension plan.

The $8,500.00 non-taxable allowance that I receive to cover incidental expenses while in the capital, may or may not be enough. However, I do know that the cost of transportation by taxi and eating in restaurants is very expensive when compared to using one's own vehicle and going to your own home for meals. I therefore feel that this figure is low, in view of the fact that YK members receive $5,500.00 for this purpose.

The $17,000.00 for Capital accommodation I feel is adequate and I was able to find a one-bedroom apartment that fit within this budget. Granted, there is nothing fancy about the apartment. Given the way things are going with the vacancy rate in Yellowknife, I am expecting that the rent will increase in the near future.

The pension plan that is in place today for Members is far less than that of pre-13th Assembly Members. From what I can gather, this was changed by Members who felt that they could save the Government a bunch of money and were going to lead by example.

Suite 202, 76 Capital Drive, Hay River, Northwest Territories, Canada X0E 1G2 Office (867) 874-6301 Fax (867) 874-6079

I do not think that this happened and that this should be looked at again. The Members of this Assembly are no less important than Members of previous Assemblies and therefore should be entitled to the same pension benefits. Job security in this position is not great and the GNWT's track record for finding jobs for ex-Members is also not great.

The benefits that Yellowknife Members receive for carrying out their duties as MLA's, although not all monetary, is also an area that could be reviewed. The following is a list of areas where I feel that Yellowknife Members have a great advantage over Members from outside of Yellowknife.

-The ability to have family members and/or constituents present during Session at no cost.

-The use of the Legislative Assembly building for constituency and personal special functions.

-The use of Government equipment and services within the Legislature on a year-round basis, including computer technical expertise.

-The ability to walk down the hall and meet with Ministers.

-The ability for Members, their families and their constituents to attend special functions sponsored by the GNWT as well as meet with visiting dignitaries at no cost to themselves or their constituency budget.

-The ability to have youth from their constituencies work as Pages during Session, again at no cost.

-Their family lives go on basically uninterrupted regardless of what is happening, due to the fact that they can return home every night.

In closing I feel that a review of our pay and benefits is justified and should reflect the position and role that we fill. I think that it is also important that we ensure that the rewards associated with this office are sufficient to attract highly qualified people. The professionalism of our Government depends on it.

Thank you for the opportunity to express my views and I look forward to the outcome of your review.

Yours truly,

Paul Delorey, MLA
Hay River North

Northwest Territories Legislative Assembly
Member for Frame Lake

August 31, 2001

Mr. Robert Clark, Chair
Independent Commission on Members Compensation
NWT Legislative Assembly
Yellowknife, NT

Dear Mr. Clark;

Thank you for your invitation to provide input for your consideration when making recommendations on Members compensation. I think that compensation schemes for everyone, whether in the public service or private sector, should be reviewed on a regular periodic basis. I hope your committee will recommend that an independent commission be set up and tasked with reviewing Members compensation within 6 months after every election.

I have been a Member of 3 different Assemblies now, and each has had some changes in the compensation scheme. The biggest change I have seen is in the accounting for expenses. I think the current process is good, being far better than what used to be in place. The public should be able to see very clearly how money is spent on expenses for Members, and unaccountable expense advances to Members were seen as unacceptable. The current practise matches the way the private sector and our civil servants have to account for expenses, and that is fair. I have heard some Members complain that the amounts allowed for living expenses while in the capital are too low, and with the economy growing at the pace it is in Yellowknife, and the shortage of rental accommodation, there may be some validity to those concerns. In general, though, receipts should support claims for expense reimbursement, and our expense records should be available for public scrutiny.

I thought you might find interesting a comparison of Regular Member's salaries from the 12th Assembly to the 14th Assembly. I have attached a copy of my T-4 slip from 1993, the second full year of the 12th Assembly. I have also attached a copy of a letter from Mr. Moreside, outlining what will be on my T-4 slip for this year, the second full year of the 14th Assembly. Since our salary is now set, and does not depend on the number of meetings that Members attend, it is fairly easy to estimate what a Member will make in a year. As you can see, the taxable income is almost exactly the same, while the cost of living over that period has

Box 1320, Yellowknife, Northwest Territories, Canada X1A 2L9 Telephone (867) 669-2300 Fax (867) 873-0276 Toll free 1-800-661-0784
email: charles_clark@gov.nt.ca

increased 11.48%, according to Statistics Canada. You will also note the significant difference in pension contributions. They were much higher in 1993, as would have been the Assembly contribution.

One factor that affected my salary in 1993 was that I became the Chair of a Committee, and that Committee had a busy meeting schedule. In those days we were paid for every meeting we attended, and my salary in '93 was approximately $7,000 higher than it was in '92, so there was some variation in our salaries from year to year. However, I am certain that I will spend more days in meetings this year than I did in 1993, so I think the comparison from then to now is valid. In fact, I am confident that I will chair more meetings, and will spend considerably more time fulfilling my duties as MLA this year than I did in 1993.

I think we did the right thing in the 13th Assembly when we cut our salaries and pensions. The fiscal situation was difficult, and we were asking our employees to take cuts as well. However, the situation has changed, and I hope you will examine what is required as compensation to continue to attract well-qualified people to run for elected position. As the economy in the NWT heats up, there are more and more opportunities for people, and unless our salaries are reasonably competitive, we will see fewer and fewer people willing to put their names forward. Obviously the salary and benefits should not be the main draw for people interested in running for office – I hope we continue to see people who want to provide a public service. But the differential between the level of pay for people in senior positions in the private sector, and what elected officials are paid should not be too big.

In discussing the job with Members from Provincial Assemblies, I believe Members in the NWT spend more time "on the job" (in Committee/Session) than is common across Canada. Our unique consensus system seems to mean more Members attend more committee meetings than is generally the case with Assemblies across Canada.

I trust your committee will also consider indemnities provided for chairing Committees of the Assembly. While some Committees meet infrequently, others meet very frequently, and the demands on the Chairs are more rigorous. Given the variance, I don't know how the indemnity could reflect that, but perhaps other jurisdictions have found a way to reflect the differing responsibilities that we could adopt. I know that the indemnities for chairing committees vary considerably across Canada.

Having been a member of Cabinet in the 13th Assembly, I think the additional $40,000 over a Regular Member's salary currently provided to Ministers is appropriate and adequate. The more rigorous conflict requirements that mean a Cabinet Minister must totally divest themselves of outside business interests warrants that level of extra compensation over a Regular Member's salary.

So, I hope you will examine our salaries and benefits with these points in mind. I don't know what the "right" compensation numbers are, nor can I suggest the proper mix of salary and benefits (like pension) without doing a survey myself of what MLAs are paid in other jurisdictions, and what senior people in the private sector in the NWT are paid. I am sure that your committee will have access to those figures.

Thank you for your consideration of these comments. If you have any questions, I would be happy to meet with you. I look forward to reading your report.

Yours truly,

Charles Dent,
MLA Frame Lake

Northwest Territories Legislative Assembly

August 28, 2001

Mr. Charles Dent
MLA, Frame Lake
Legislative Assembly Office
Dear Mr. Dent:

RE: PROJECTED INFORMATION FOR 2001 T4 SUPPLEMENTARY

I have reviewed your pay information beginning January 5, 2001 through to August 31, 2001 and projected pay information to December 21, 2001 in order to project how your 2001 T4 supplementary will appear.

Unless there are changes to MLA indemnities, allowances and benefits between September 1, 2001 and December 21, 2001 the information that will be shown on the T4 supplementary form should be:

Total Taxable Income	Total Personal Income Tax Withheld	Total Contributions to LARAF
$81,171.22	$21,034.68	$5,152.53

Your taxable income includes payments from the following sources:

1.	Annual MLA indemnity	$77,105.82
	Less: $1,000 exemption	(1,000.00)
	Net MLA indemnity for tax purposes	$76,105.82
2.	Indemnity for Chairperson	3,166.63
3.	Northern Allowance	1,898.77
	TOTAL	**$81,171.22**

The total of the withholdings that were made for contributions to the Legislative Assembly Registered Retiring Allowances Fund during 2001 is projected to be **$5,152.53**.

Total personal income tax, employment insurance premiums and Canada Pension Plan premiums is projected to be **$23,344.40**.

Should you wish to have a copy of the spreadsheet I prepared in order to calculate the above amounts please let me know. I will be happy to provide it to you.

M. Moreside

M. Moreside
Director, Corporate Services

Yellowknife, Northwest Territories, Canada X1A 2L9/Fax (403) 920-4735/Telephone (403) 669-2200

Revenue Canada
Customs, Excise and Taxation

Revenu Canada
Accise, Douanes et Impôt

Supplementary
Supplémentaire

ÉTAT DE LA RÉMUNÉRATION PAYÉE

UU-088-761

14 Employment income before deductions Revenus d'emploi avant retenues	16 Employee's Canada Pension Plan / Quebec Pension Plan Du Canada / Du Québec Cotisations de pensions (employé)	18 Employee's UI premiums Cotisations de l'employé à l'A-C	20 Registered pension plan contributions Cotisations à un régime de pension agréé	22 Income tax deducted Impôt sur le revenu retenu	24 UI insurable earnings Gains assurables d'A-C	26 CPP pensionable earnings Gains donnant droit à pension – RPC	28 Exempt CPP/QPP / EI / PPIP/RPDRQ / A-C Exemption
81034.55	758.50		7166.62	26366.05			X

Box 14 amount already includes any amount in boxes 30, 32, 34, 36, 38, 40, and 42 Le montant de la case 14 comprend déjà tout les montants des cases 30, 32, 34, 36, 38, 40 et 42	Taxable allowances and benefits Allocations et avantages imposables	30 Housing, board, and lodging Logement, pension et repas	32 Travel in designated area Voyage dans une région désignée	34 Personal use of employer's auto Usage personnel de l'auto de l'employeur	36 Interest-free and low-interest loan Prêts sans intérêt ou à faible intérêt	38 Stock option benefits Avantages tirés d'une option d'achat d'actions	40 Other taxable allowances and benefits Autres allocations et avantages imposables	42 Employment commissions Commissions d'emploi
			1403.84					

44 Union Dues Cotisations syndicales	46 Charitable Donations Dons de charité	50 Pension plan or DPSP registration number Numéro d'enregistrement d'un RPDB ou d'un régime de pension	52 Pension adjustment Facteur d'équivalence	10 Province of employment Province d'emploi	12 Social insurance number * Numéro d'assurance sociale *
		0433755	12500.00	NT	

* If your social insurance number is not shown in this box, see the back of this slip.
* Si votre numéro d'assurance sociale ne figure pas dans cette case, reportez-vous au verso de ce feuillet.

Employee's name and address – Nom et adresse de l'employé

Surname (in capital letters)
Nom de famille (en lettres majuscules)

First name
Prénom

Initials
Initiales

DENT
CHARLES

P.O.BOX 2858
YELLOWKNIFE
NWT
X1A 2R2

Footnotes:
Notes:

Employer's name – Nom de l'employeur

GOV'T OF NWT COMP SERV

54 Employee no. – N° de l'employé

[redacted]

Dist: 110

To be kept by the employee
(See information on the back)
À conserver par l'employé
(voir les renseignements au verso)

3

Seq: 00000265

Presentation

to

Independent Commission on Members Compensation

The Honourable Stephen Kakfwi, M.L.A.

Sahtu

Premier of Northwest Territories

Wednesday September 26th, 2001

Members of the Legislative Assembly are entitled to receive fair compensation for the work they undertake and for their expenses in representing their constituents. In general I believe that we are close to achieving this. I say close because I believe there are still inequities with respect to budgets allocated to members of the Legislative Assembly who are Ministers.

Members of the Legislative Assembly also have a right to certainty – to know their entitlements and to be clear about the use that can be made of budgets and allowances. There is uncertainty with respect to the tax status of some monies we receive and inequities in our constituency budgets. In addition I will speak to the issue of allowing children to travel on some duty trips.

Before dealing with specific issues I would like to look at the role of a Member of the Legislative Assembly. In simple terms it is our job to represent the interests of our constituents in the governance of the Territory. Once elected we, as Members, choose one Member who we think can best lead the Government and six Ministers to guide and oversee the work of Departments and to work as a collective with the Premier to carry out governance. In essence, we create two types of MLAs – Regular Members who represent their constituencies and who are active on committees of this House and Ministers with additional responsibilities that fall to a cabinet. Compensation and benefits reflect the additional responsibilities.

Members of the Legislative Assembly, as parliamentarians anywhere, are public persons – we become the property of the public. The normal workday may be eight hours but a parliamentarian is on duty 24 hours per day – seven days a week. In addition to public appearances and meetings "after hours", the telephone calls come in at any time during the day or night. The life of a parliamentarian is subjected to many stresses and strains that others in society are not subjected to. We are intricately involved in births, deaths, weddings and suicides and the joys and sorrows of our constituents as well as providing direction and leadership on governance issues.

Because of the nature of our work personal lives can, at times, disappear. Because Members have to spend significant time away from home pressures are brought to bear on family life. If family life disintegrates a members work will suffer and the people of the Northwest Territories will suffer. Positive family ties are an asset and must be carefully nurtured by all Members.

Ministers are under additional strain relative to Regular members. Time required to fulfill the responsibilities of a Minister virtually require a Member who is a Minister to temporarily reside in Yellowknife. This means that Ministers and their families have to temporarily, for the term as Minister, uproot and leave the physical and psychological comfort of their home communities, their extended families, and their normal family support systems. Ministers from outside Yellowknife reside in the capital on a temporary basis and most fully expect to

return home when their term expires and re-integrate into the community.

In the context of the points noted above I would like to elaborate on two issues – two inequities – in our compensation and benefits packages.

Inadequate provision is made, in the Act, for Members who are Ministers to return to their home communities and constituencies with any frequency.

The first is that of constituency budgets – budgets to do constituency work. Constituency budgets range from $65,000 in Yellowknife to $81,600 in Nunakput. The budgets seem to reflect size and relative costs except for the two ridings in Inuvik and the two in Hay River.

With respect to Inuvik for example, the two Members have the same amount of money in their constituency budgets. One member lives in his constituency but the other, a Minister, has to travel from Yellowknife to Inuvik to meet constituents. This Minister faces additional travel costs in order to better represent his constituents. Because of inequity in support Members who are Ministers are not in a position to as effectively serve their constituents as a Member who permanently resides in his/her home community. This inequity is even more pronounced when there is more than one community in a constituency. Sahtu, for instance, has five communities.

The number of seats in the legislature, by law, has been set to make sure Northerners are represented as equally as possible. Equity in representation is a cornerstone of democracy in Canada. In the case of Inuvik, residents are generally equally represented in the Chamber but because of the Members' constituency budgets there is a built in inequity in the level of service that can be offered.

In order to compensate for this deficiency in the Legislative Assembly budgeting process, Members who are Ministers can utilize a "Home Travel" budget in the Department of Executive. This is not what the budget was originally intended for. The budget was established to ensure Ministers were able to maintain links with the home community and family and in the case of a constituency where there is more than one community home travel is restricted to the designated home community – in my case Fort Good Hope. I will elaborate on "home travel" a little later. Using the "Home Travel" budget to do constituency work in my case simply does not work.

I recommend that this Commission closely examine constituency budgeting and make adjustments to better reflect the need for more equity in the levels of service which can be offered by Members of the House who are chosen by their colleagues to be Ministers. Travel between Yellowknife and the constituency should be included in the constituency budget.

The second matter that I would like to cover today is ministerial "home travel".

Time required to fulfill the responsibilities of a Minister virtually require a MLA who is a Minister to temporarily reside in Yellowknife.

The Government, many years ago, recognized that Ministers, in moving to Yellowknife, had to break with their home community and the comfort and supports that home normally provides. Uprooting families to move to Yellowknife with the Minister is even more difficult. The alternative is for Ministers to commute between home and the capital although with the hectic pace we keep today this is virtually impossible and would not support a healthy family life at any rate. Families play an integral role in the life of an MLA and strong family ties improve the performance of each one of us.

MLAs who are Ministers, by necessity, have to take up temporary residence in Yellowknife and most plan to return to their home communities when they cease to be Ministers. It is therefore critical that personal and family ties in the home community are maintained.

It is unrealistic to expect Ministers with families to temporarily reside in Yellowknife on single status. I believe it is unrealistic to expect Ministers and their families to break all their ties with their home community and with their extended family. Given the importance of a strong family life to the ability of a Regular Member or a Minister to do his or her job the Government instituted a "Home Travel" budget for Ministers.

There are some who view "home travel" to be a benefit of the job. I strongly disagree with this view. I believe that costs associated with "home travel" are costs associated with doing business – legitimate expenses incurred to do business.

Opinions received by the Legislative Assembly and the Government of the Northwest Territories suggests that travel, at government expense, of spouses and dependents is a taxable benefit to the Member if the travelers are not primarily engaged in parliamentary or government business. Given that families are integral to political life, in my own mind I question this.

The Manual of Allowances and Services for Members of Parliament sets out the travel provisions applicable to Members. Each Member is allowed up to 64 return trips in a year to travel in Canada.

All 64 trips can be used in a variety of ways. MPs may choose to use all 64 trips for "regular" trips, that is trips between Ottawa and the Member's constituency. Members may allocate up to nine of their "regular" trips to their dependents. In total 15 of the Member's "regular" trips may be allocated to dependents, employees, and/or parliamentary interns

In addition to "regular" trips the travel provisions cover "special" trips. A Member may choose to allocate up to 20 trips of the 64 to a designated traveler (a traveler designated by the MP at the beginning of each fiscal year) as "special" trips, meaning trips within Canada

other than regular trips. MPs can allocate up to two of the 20 "special" trips to staff who accompany the Member on trips related to parliamentary business. An MP may allocate up to six of the 64 trips as "special" trips for dependents. These "special" trips are in addition to the twenty.

It is my understanding that none of a Member of Parliament's travel entitlement is considered to be non-parliamentary business therefore is non-taxable.

I recommend that this Commission review the House of Commons travel entitlements.

- Members of parliament are deemed to be "on duty" all the time therefore any travel is parliamentary related.
- Spouses and dependents are deemed to play an integral role in the work of the MP.
- With respect to dependent children, it is important that family ties be maintained to facilitate a positive environment for the Member to do his/her work.

My third issue today relates to travel by dependents while a Minister is on duty travel.

MLAs who are Ministers, like MLAs who are not and Members of Parliament are deemed to be "on duty" all the time, our families are important and are integral to our work. If our family members are

happy our work is easier. From time to time those of us with families must travel extensively over a long period of time. We miss our families. While it is understood that duty travel is an important aspect of political; life and one that I welcome, it is also true that families suffer the same loneliness. Having the ability to take my son or daughter with me from time to time would help alleviate some of the stress of separation.

In conclusion, I am recommending that this Independent Commission on Member's Compensation do the following:

1. Review the constituency budgets with a view to adjusting the budget of those Members who become Ministers to reflect the additional travel to and from Yellowknife required to conduct constituency work and further that adjustments be made for those Ministers who have more than one community in their constituency.

2. Research and review the taxable provisions with respect to the travel of dependents and spouses to and from the constituency.

3. Consider recommending that from time to time Ministers should be permitted to take their children with them on duty travel. Understanding that there would be a need to have strict guidelines.

I wish to thank the Members of the Independent Commission for this opportunity to speak and I look forward to your report.

APPENDIX 'E'

ANNUAL REPORT RESPECTING

MEMBERS' INDEMNITIES AND EXPENSES

~

FOR THE FISCAL YEAR ENDED MARCH 31, 2001

TABLED DOCUMENT NO. 1 - 1 4(4) TABLED ON JUN 5 2001

INDEMNITIES UNDER SECTION 17(1) and 18(1) and CAPITAL LIVING ALLOWANCE UNDER SECTION 20
PAID TO OR INCURRED BY MEMBERS OF THE LEGISLATIVE ASSEMBLY
FOR THE FISCAL YEAR ENDED MARCH 31, 2001
14TH ASSEMBLY

SCHEDULE A: Indemnities

Member	Constituency	MLA Indemnity (1)	Ministerial Indemnity (2)	Speaker Indemnity (3)	Extra Duties (4)	Capital Living Allow. (5)	Northern Allowance (6)	Deductions
MCLEOD, Michael	DEH CHO	73,698				8,823	4,830	0
DENT, Charles	FRAME LAKE	73,698			3,114	5,709	1,817	0
BRADEN, Bill	GREAT SLAVE	73,698				5,709	1,817	0
DELOREY, Paul	HAY RIVER NORTH	73,698			3,114	8,823	2,871	0
GROENEWEGEN, Jane	HAY RIVER SOUTH	73,698	39,444			5,709	1,817	0
ROLAND, Floyd	INUVIK BOOT LAKE	73,698			3,114	8,823	8,112	0
ALLEN, Roger T.	INUVIK TWIN LAKES	73,698	39,444			5,709	1,817	0
WHITFORD, Tony	KAM LAKE	73,698		25,950		5,709	1,817	0
KRUTKO, David	MACKENZIE DELTA	73,698			5,190	8,823	8,726	0
ANTOINE, Jim	NAHENDEH	73,698	39,444			5,709	1,817	0
LAFFERTY, Leon	NORTH SLAVE	73,698			3,114	8,823	3,106	0
STEEN, Vince	NUNAKPUT	73,698	39,444			5,709	1,817	0
LEE, Sandy	RANGE LAKE	73,425				5,709	1,809	0
KAKFWI, Stephen	SAHTU	73,698	56,052			5,709	1,817	0
MILTENBERGER, Michael	THEBACHA	73,698			3,114	8,823	3,277	0
NITAH, Steven B.	TU NEDHE	73,698				8,823	7,021	0
HANDLEY, Joe	WELEDEH	73,698	39,444			5,709	1,817	0
OOTES, Jake	YELLOWKNIFE CENTRE	73,698	39,444			5,709	1,817	0
BELL, Brendan	YELLOWKNIFE SOUTH	73,698			3,114	5,709	1,817	0

(1) MLA ANNUAL INDEMNITY: annual figure of $73,698 for all Members. For income tax reporting purposes, the first $1,000 is tax free pursuant to the "Northwest Territories Act", subsection 12(6).

(2) MINISTERIAL AND PREMIER INDEMNITY: annual figure of $39,444 for Ministers and $56,052 for Premier.

(3) SPEAKER: annual figure of $25,950 for Speaker.

(4) SPECIAL ANNUAL INDEMNITIES FOR EXTRA DUTIES: Deputy Speaker: $5,190; Deputy Chair, Committee of the Whole: $3,114; Chair of Standing Committee: $3,114.

(5) CAPITAL LIVING ALLOWANCE: Annual figure of $5,709 for Members who live within commuting distance of Yellowknife; $8,823 for all other Members; Ministers are considered to live in Yellowknife and receive $5,709.

(6) NORTHERN ALLOWANCE: Annual amount paid in respect of the community in which Members live. Same as provided under the Collective Agreement.

Tabled pursuant to Section 35(a) of the Legislative Assembly & Executive Council Act.

INDEMINITIES, ALLOWANCES AND EXPENSES
PAID TO OR INCURRED BY MEMBERS OF THE LEGISLATIVE ASSEMBLY
FOR THE FISCAL YEAR ENDED MARCH 31, 2001
14TH ASSEMBLY

SCHEDULE B: Summary of Expenses

Member	Constituency	Constituency Work Expense Budget (Section 29)	Constituency Work Expense Actual	L.A. Building Telecommunication	Capital Accommodation
MCLEOD, Michael	DEH CHO	73,000	70,912	672	15,000
DENT, Charles	FRAME LAKE	65,000	62,480	162	-
BRADEN, Bill	GREAT SLAVE	65,000	57,394	407	-
DELOREY, Paul	HAY RIVER NORTH	67,300	66,934	793	14,400
GROENEWEGEN, Jane	HAY RIVER SOUTH	67,300	67,239	-	-
ROLAND, Floyd	INUVIK BOOT LAKE	73,400	66,448	438	9,333
ALLEN, Roger T.	INUVIK TWIN LAKES	73,400	70,845	-	-
WHITFORD, Tony	KAM LAKE	65,000	29,519	-	-
KRUTKO, David	MACKENZIE DELTA	79,200	75,979	694	13,596
ANTOINE, Jim	NAHENDEH	79,500	73,073	-	-
LAFFERTY, Leon	NORTH SLAVE	72,300	71,096	796	16,925
STEEN, Vince	NUNAKPUT	81,600	80,814	-	-
LEE, Sandy	RANGE LAKE	65,000	60,549	174	-
KAKFWI, Stephen	SAHTU	83,500	62,138	-	-
MILTENBERGER, Michael	THEBACHA	68,800	64,928	1,051	11,039
NITAH, Steven B.	TU NEDHE	76,200	70,619	1,065	16,200
HANDLEY, Joe	WELEDEH	65,000	48,850	-	-
OOTES, Jake	YELLOWKNIFE CENTRE	65,000	42,695	-	-
BELL, Brendan	YELLOWKNIFE SOUTH	65,000	56,576	113	-

Pursuant to Sections 35(b) and (c) of the Legislative Assembly & Executive Council Act.

EXPENSES RELATED TO CONSTITUENCY WORK, UNDER SECTION 29
PAID TO OR INCURRED BY MEMBERS OF THE LEGISLATIVE ASSEMBLY
FOR THE FISCAL YEAR ENDED MARCH 31, 2001
14TH ASSEMBLY

SCHEDULE C: Constituency Work Expense Allowance

Member	Constituency	Travel & Transportation	Materials & Supplies	Purchased Services	Contract Services	Fees & Payments	Other Expenses	Computer Hardware/Software	Constituency Assistant	Total
MCLEOD, Michael	DEH CHO	9,215	7,668	6,925	6,150	950	389	315	39,300	70,912
DENT, Charles	FRAME LAKE	1,644	7,391	5,559		926		4,264	42,696	62,480
BRADEN, Bill	GREAT SLAVE	1,114	5,455	4,743		100		2,332	43,650	57,394
DELOREY, Paul	HAY RIVER NORTH	7,140	8,577	11,312		300		649	38,956	66,934
GROENEWEGEN, Jane	HAY RIVER SOUTH	2,512	9,430	11,497		160	340	846	42,454	67,239
ROLAND, Floyd	INUVIK BOOT LAKE	11,001	11,384	7,430	330			2,314	33,989	66,448
ALLEN, Roger T.	INUVIK TWIN LAKES	9,061	9,207	8,912	3,000			3,868	36,797	70,845
WHITFORD, Tony	KAM LAKE	184	11,274	5,738				1,449	10,874	29,519
KRUTKO, David	MACKENZIE DELTA	25,747	1,399	8,551		674		6,862	32,746	75,979
ANTOINE, Jim	NAHENDEH	27,337	4,652	9,792	162	41	2,956	475	27,658	73,073
LAFFERTY, Leon	NORTH SLAVE	11,673	4,275	8,989	298			4,000	41,861	71,096
STEEN, Vince	NUNAKPUT	12,669	4,893	17,542	400		1,347	5,448	38,515	80,814
LEE, Sandy	RANGE LAKE	1,064	11,752	6,208		978		8,345	32,202	60,549
KAKFWI, Stephen	SAHTU	39,681	3,846	7,250	1,399	116		800	9,046	62,138
MILTENBERGER, Michael	THEBACHA	8,249	8,949	8,634	1,318	100		2,678	35,000	64,928
NITAH, Steven B.	TU NEDHE	24,657	3,250	7,302	10,000	200	165	512	24,533	70,619
HANDLEY, Joe	WELEDEH	1,278	7,619	6,312		300			33,341	48,850
OOTES, Jake	YELLOWKNIFE CENTRE	154	4,807	4,939		451		210	32,134	42,695
BELL, Brendan	YELLOWKNIFE SOUTH	2,512	5,538	4,936		500		3,058	40,032	56,576

EXPENSES: represent funds reimbursed to Members or paid on their behalf for constituency expenses incurred upon submission of original invoices.

Tabled pursuant to Section 35(c) of the Legislative Assembly & Executive Council Act.

CAPITAL ACCOMMODATION EXPENSES UNDER SECTION 24
PAID TO OR INCURRED BY MEMBERS OF THE LEGISLATIVE ASSEMBLY
FOR THE FISCAL YEAR ENDED MARCH 31, 2001
14TH ASSEMBLY

SCHEDULE D: Capital Accommodation Allowance

Member	Constituency	Rent	Cable	Telephone	Utilities	Total
MCLEOD, Michael	DEH CHO	15,000	-	-	-	15,000
DELOREY, Paul	HAY RIVER NORTH	14,400	-	-	-	14,400
ROLAND, Floyd	INUVIK BOOT LAKE	8,800	262	271	-	9,333
KRUTKO, David	MACKENZIE DELTA	12,360	567	-	669	13,596
LAFFERTY, Leon	NORTH SLAVE	15,420	-	431	1,074	16,925
MILTENBERGER, Michael	THEBACHA	10,670	-	369	-	11,039
NITAH, Steven B.	TU NEDHE	16,200	-	-	-	16,200

Tabled pursuant to Section 35(b) of the Legislative Assembly & Executive Council Act.

APPENDIX 'F'

Northern Allowance

UNW & Excluded Employees

The Annual Rates for Northern Allowance are as follows:

Community	Effective April 1, 2000 Annual Rate	Effective April 1, 2001 Annual Rate
Aklavik	10,211	10,211
Colville Lake	16,978	17,103
Dawson City	6,776	6,861
Deline	10,183	10,303
Dettah	2,595	2,660
Enterprise	3,457	3,527
Fort Good Hope	9,420	9,521
Fort Liard	4,097	4,166
Fort McPherson	8,726	8,726
Fort Providence	4,830	4,902
Fort Resolution	5,729	5,729
Fort Simpson	5,663	5,710
Fort Smith	3,277	3,277
Hay River	2,871	2,926
Hay River Reserve	3,338	3,405
Holman	13,499	13,653
Inuvik	8,112	8,112
Iqaluit	9,183	9,261
Jean Marie River	6,767	6,855
Kakisa	5,023	5,099
Lutselk'e	7,021	7,023
Nahanni Butte	6,520	6,617
Norman Wells	9, 330	9,330
Paulatuk	13,512	13,512
Rae Lakes	7,049	7,127
Rae-Edzo	3,106	3,106
Rankin Inlet	9,741	9,741
Sachs Harbour	13,512	13,512
Trout Lake	6,365	6,459
Tsiightchic	8,834	8,834
Tuktoyaktuk	10,941	10,941
Tulita	10,025	10,141
Wekweti	7,103	7,183
Wha Ti	6,341	6,347
Wrigley	7,772	7,869
Yellowknife	1,817	1,862

APPENDIX 'G'

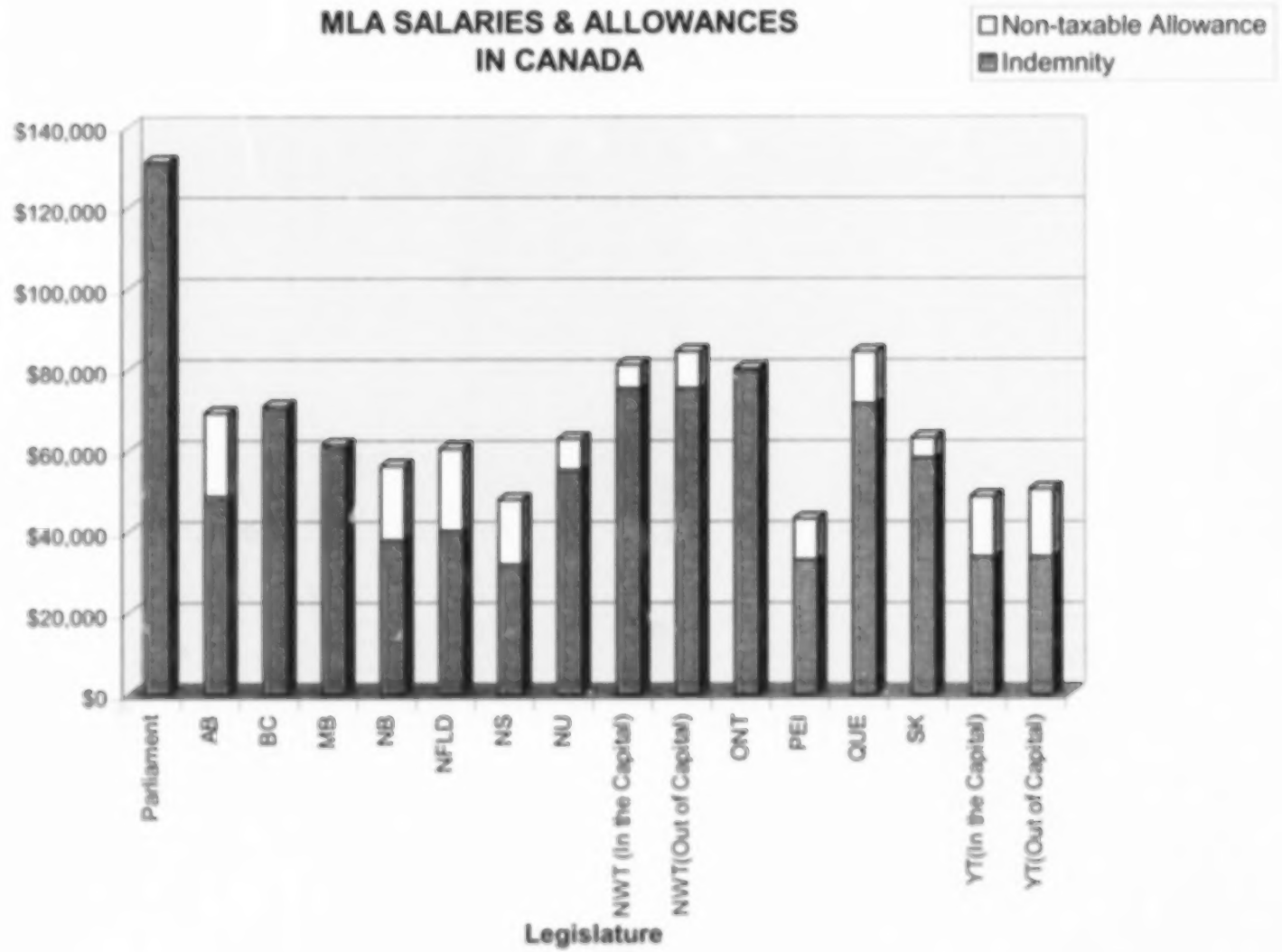
Appendix G

Constituency Budgets
Legislative Assembly of the Northwest Territories

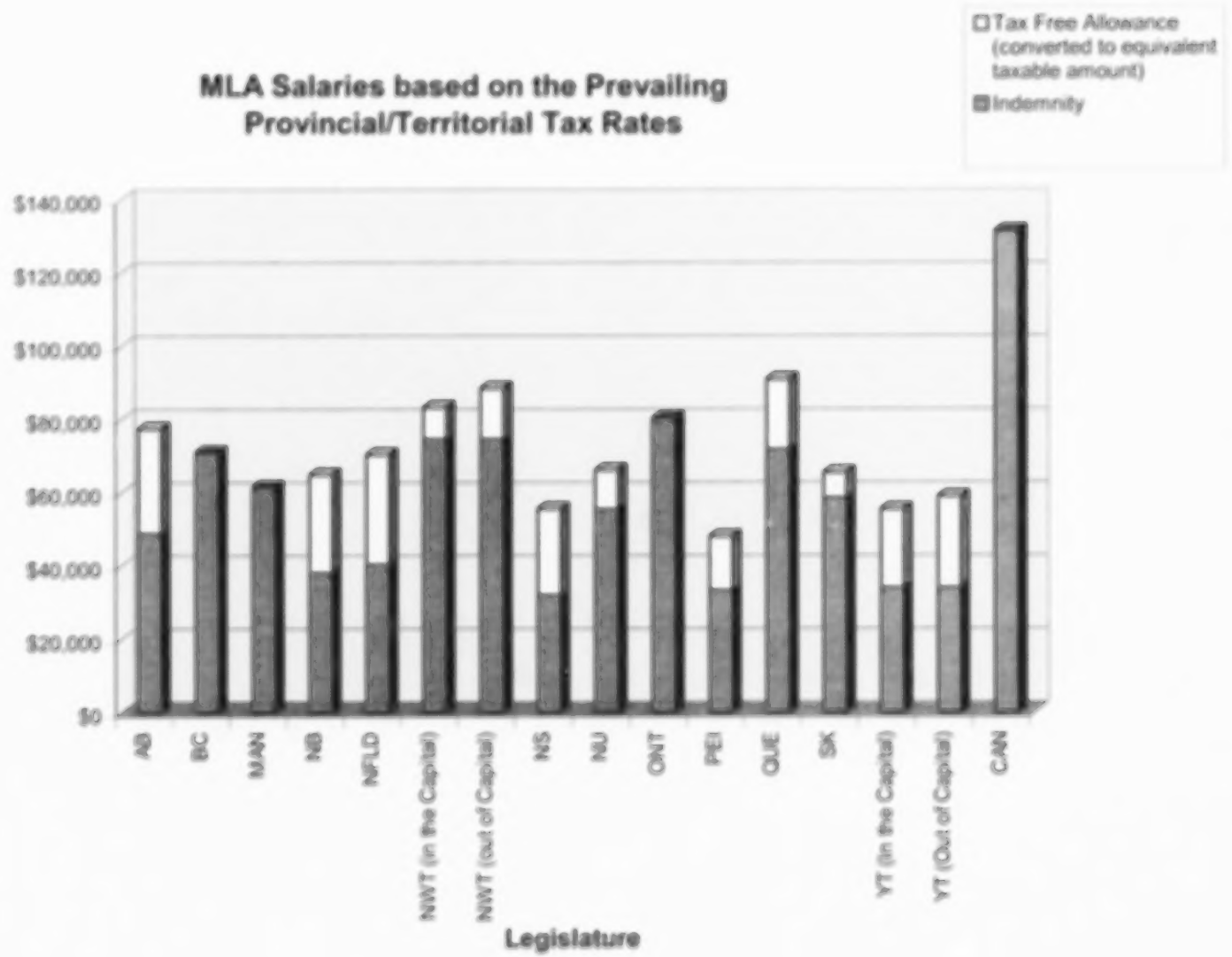
Deh Cho	$73,000
Frame Lake	$65,000
Great Slave	$65,000
Hay River North	$67,300
Hay River South	$67,000
Inuvik Boot Lake	$73,400
Inuvik Twin Lakes	$73,400
Kam Lake	$65,000
Mackenzie Delta	$79,200
Nahendeh	$79,500
North Slave	$72,300
Nunakput	$81,600
Range Lake	$65,000
Sahtu	$83,500
Thebacha	$68,800
Tu Nedhe	$76,200
Weledeh	$65,000
Yellowknife Centre	$65,000
Yellowknife South	$65,000

Note: Figures effective April 1, 2001

APPENDIX 'H'


MLA SALARIES & ALLOWANCES
IN CANADA
Non-taxable Allowance
Indemnity
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
Parliament
AB
BC
MB
NB
NFLD
NS
NU
NWT (In the Capital)
NWT(Out of Capital)
ONT
PEI
QUE
SK
YT(In the Capital)
YT(Out of Capital)
Legislature

APPENDIX 'I'


MLA Salaries based on the Prevailing Provincial/Territorial Tax Rates
Tax Free Allowance (converted to equivalent taxable amount)
Indemnity
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
AB
BC
MAN
NB
NFLD
NWT (in the Capital)
NWT (out of Capital)
NS
NU
ONT
PEI
QUE
SK
YT (In the Capital)
YT (Out of Capital)
CAN
Legislature

APPENDIX 'J'

PROVINCIAL & TERRITORIAL TAX RATES
2001

	Combined Top Marginal PIT[a] (%)	Retail Sales Tax (%)	Fuel Tax [d]		Tobacco Tax [e]	Payroll Tax [f]	Corporate Income Tax		Capital Tax [g]
			Gasoline (¢/litre)	Diesel (¢/litre)	Cigarette ($/carton)	(%)	Small (%)	Large (%)	(%)
Northwest Territories	42.05	-	10.7	9.1	27.20	1.00	5.00	14.0	-
Nunavut	42.05	-	6.4	9.1	25.20	1.00	5.00	14.0	-
Yukon	42.34	-	6.2	7.2	16.40	-	6.00	15.0	-
British Columbia	48.70	7.0	11.0	11.5	22.00	-	4.75	16.5	0.3/3.0
Alberta	39.00	-	9.0	9.0	14.00	-	5.00	13.5	0/1.0
Saskatchewan	45.00	6.0	15.0	15.0	17.20	-	8.00	17.0	0.6/3.25
Manitoba	46.50	7.0	11.5	10.9	17.20	2.15	7.00	17.0	0.5/3.0
Ontario	46.41	8.0	14.7	14.3	5.30	1.95	6.50	14.0	0.3/0.90
Quebec	49.22	7.5	15.2	16.2	8.60	4.26	8.90	8.9	0.64/1.28
New Brunswick	46.84	8.0	10.7	13.7	8.30	-	4.50	17.0	0.3/3.0
Nova Scotia	47.34	8.0	13.5	15.4	9.66	-	5.00	16.0	0.25/3.0
Prince Edward Island	47.34	10.0	13.0	13.5	13.26	-	7.50	16.0	0/3.0
Newfoundland	48.64	8.0	16.5	16.5	22.00	2.00	5.00	14.0	0/4.0
Average [b]	46.69 [c]	6.9	13.5	13.8	10.58	1.88	6.64	13.4	

(a) Personal income tax rates in effect for the 2001 tax year.
(b) Average of all provincial and territorial rates, weighted by population.
(c) 46.69% is the weighted average of the combined federal-provincial/territorial top marginal tax rate.
(d) Quebec, New Brunswick, Nova Scotia and Newfoundland apply sales tax to fuel.
(e) Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, and Newfoundland apply sales tax to tobacco products.
(f) The NWT and Nunavut Payroll Taxes are levied on employees. For other provinces, who levy payroll tax, there are exemptions for small business and/or the rates vary depending on the payroll.
(g) Rates shown for capital tax are for large corporations and for financial institutions in the order shown. The bases are different for different types of companies.